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# ARIZONA LABOR MARKET INFORMATION NEWSLETTER

Vol. X No. 9
September 1986

## Unemployment Rate

Seasonally Adjusted
July*

| | |
|---|---|
| ARIZONA | 7.0% |
| Maricopa Co. | 5.4% |
| Pima Co. | 5.6% |
| UNITED STATES | 6.9% |

## Consumer Price Index

National-July
1967 - Base Year

| | |
|---|---|
| Wage Earner/Clerical Worker - | 322.9 |
| % Chg. Yr. Ago | 1.2 |
| All Urban - | 328.0 |
| % Chg. Yr. Ago | 1.6 |

Phoenix-2nd Qtr. 1986
1977 - Base Year

| | |
|---|---|
| All Urban - | 192.6 |
| % Chg. Yr. Ago | 0.9 |

Tucson-2nd Qtr. 1986
1st Qtr. 1983 - Base Qtr.

| | |
|---|---|
| All Urban - | 116.0 |
| % Chg. Yr. Ago | 1.0 |

* Preliminary

# Forecast Update
## Employment in Arizona

Last January, when we were planning our annual employment forecast, Arizona had already been blessed with three years of continued employment growth since the 1982 recession. Many analysts at that time, including Research Administration staff, foresaw a significant slowdown in growth in 1986 as national economic indicators were about to move or were moving in that direction. Since then, the global and national economies have improved or remained unchanged. We have, therefore, revised our forecasts and incorporated those changes to better evaluate Arizona's economy in the coming months. The employment forecast was modified in areas where known occurrences or very probable occurrences are expected to significantly alter the future.

Recently, the national economy has been experiencing low inflation, falling interest rates, and a weakening dollar. Inflation so far this year has averaged less than 2 percent and is expected to remain low, with only a slight increase next year. Interest rates, as expected, moved lower and are expected to remain low through the end of this year before creeping up next year. With growth and inflation expected to remain low, interest rates are expected to remain near current levels through 1988.

Arizona's economy has been one of the most dynamic in the country during the last two years. With six months of data in for 1986, there were few surprises. Construction employment continued to grow in the first half of the year. Arizona has the highest

Arizona Department of Economic Security
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## Table of Contents


Forecast Update: Employment In
Arizona . . . . . 1
Maricopa County . . . . . 4
Pima County . . . . . 7
Nonmetropolitan Counties . . . . . 14
Arizona Labor Force Statistics . . . . 10
The Arizona Labor Force in July . . . . 17
New Developments . . . . . 18



*Arizona Labor Market Information Newsletter*
*WINNER OF THE ICESA 1985 LMI PUBLICATION AWARD*

Nancy Augustin, editor
Linda Van Calcar, word processor


concentration of construction employment in the United States with 8.2 percent of total wage and salary employment in April. This is clear evidence of a dynamic, growing economy. This growth has been fueled by low interest rates and strong population growth. Interest rates have remained at relatively low levels as the Federal Reserve has pursued an aggressive monetary policy.

The manufacturing industry has had mixed results so far. Defense contractors have expanded very rapidly, while nondefense electronics manufacturers have reduced work schedules and laid off workers. Two points deserve attention: First, the depreciation of the dollar has not yet impacted favorably in gaining a competitive edge for U.S. manufacturers. Second, growth in defense contracts has continued its upward trend, notwithstanding the expectation of the budget cuts and slower growth resulting from the Gramm-Rudman-Hollings (GRH) legislation for a balanced budget. However, the effect of GRH, or its replacement, on federally-sponsored programs is not yet fully known. As a result, employment has continued to rise, but at a slower pace than in 1984 and 1985.

Devaluation of the dollar has not yet improved the fate of U.S. electronics manufacturers because the dollar has not declined significantly against the currencies of some of our major trading partners. In other words, the dollar's depreciation reduces the cost of our exports to foreigners. But it has not been large enough to change consumer buying patterns. So, any substantial improvement in manufacturing employment appears to be several months ahead despite the decline in the value of the dollar. Beginning next year, manufacturing should realize some positive effects from the declining value of the dollar on employment.

Our forecast expects the unemployment rate to continue to hold at 6.5 percent through the end of 1986 before dropping to 6.0 percent in 1987 and to 5.8 percent in 1988. The unemployment rate, however, is projected to go up to 7.0 percent in 1989. Employment should grow, more or less, at the same pace during the rest of the year. Wage and salary employment is expected to average about 1.345 million in 1986, a 5.2 percent increase over 1985. This rate of growth is modest compared to the growth of 9.6 percent and 8.1 percent recorded in 1984 and 1985 respectively. Looking further ahead, we expect growth to be more modest but above 4.0 percent on average in both 1987 and 1988 before it drops to around 3.0 percent in 1989. These growth rates, while not spectacular, should definitely be greater than the national average.

Out of the total wage and salary employment of 1.345 million, Maricopa County will account for about 888.0 thousand (66 percent), followed by Pima County with about 244.2 thousand (18.2 percent), and the nonmetropolitan counties with about 212.8 thousand (15.8 percent). During the last ten years, Maricopa County has experienced relatively faster growth than Pima County or the state's rural counties, as population, labor force, and employment have increased rapidly. (See page 16.) This pattern is expected to continue in the near future.

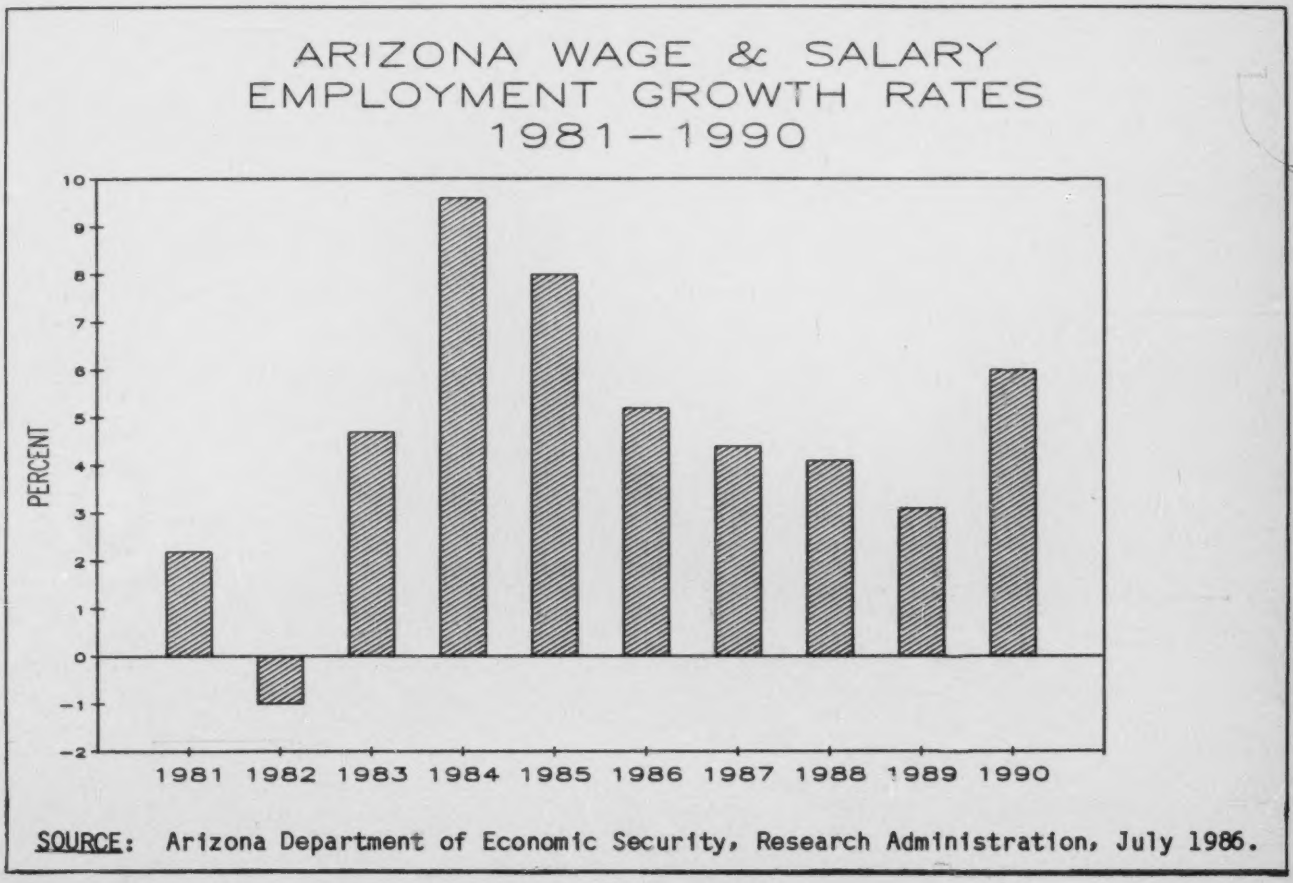
Most of the jobs to be created this year will be in the service and trade sectors. The largest gains should be in the business service sector (temporary help agencies, advertising firms, etc.), hotels, general merchandise firms, and eating and drinking establishments. Employment in retail trade has expanded rapidly as the regional economy has prospered. Gains projected for

these two categories in 1986 are in the range of 6 to 7 percent, with modest growth in 1987 and 1988. Continued expansion of Arizona's population should ensure that the service-producing industries will create thousands of jobs every year, particularly in the metropolitan areas.

Finance, insurance, and real estate (FIRE) is expected to set a record with growth of about 12.0 percent in 1986, followed by about 4 to 5 percent in 1987 and 1988. The continued growth of this industry stems from low interest rates, consumers refinancing their existing loans and mortgages, population growth, and the expansion of out-of-state financial institutions into the state. Government and transportation, communications, and public utilities (TCPU) are all expected to have modest growth in the next 2 1/2 years. Government employment growth will be influenced by the GRH legislation for a balanced budget. Employment growth will be primarily in schools and state and local governments. Growth in federal employment will be mostly related to the military. TCPU will see growth mainly in the transportation sector, particularly in trucking companies.

The mining industry is expected to lose about 2,700 workers by 1988, continuing the losses in copper mining. The declining employment in this industry is due to intense competition from non-U.S. producers and low copper prices in the international markets. This situation is expected to continue through the near future.

Arizona's economic future continues to look good. Employment growth should be strong in 1986, followed by more modest growth in 1987 and 1988. The unemployment rate is expected to remain near 6.5 percent this year and should fall during the following two years. In the long run, we should continue to see growth rates higher than nearly all of the other states in the U.S.




SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

Arizona Economic Forecasts
(Annual Averages, in Thousands)

| | 1985 | Growth Rate | 1986 | Growth Rate | 1987 | Growth Rate | 1988 | Growth Rate |
|---|---|---|---|---|---|---|---|---|
| Labor Force | 1,477.0 | 2.5% | 1,580.3 | 6.9% | 1,645.9 | 4.1% | 1,707.6 | 3.7% |
| Unemployed | 96.0 | 35.2% | 102.9 | 7.1% | 100.1 | -2.7% | 100.0 | -0.1% |
| Unemployment Rate | 6.5% | | 6.5% | | 6.1% | | 5.9% | |
| Total Employment | 1,381.0 | 0.8% | 1,477.4 | 6.9% | 1,545.8 | 4.6% | 1,607.7 | 4.0% |
| Wage and Salary Employment | 1,277.5 | 8.1% | 1,344.8 | 5.2% | 1,404.1 | 4.4% | 1,461.8 | 4.1% |
| Manufacturing | 180.7 | 4.6% | 183.4 | 1.4% | 191.1 | 4.2% | 198.4 | 3.8% |
| Mining | 12.0 | -8.4% | 10.7 | -10.8% | 9.9 | -7.4% | 9.3 | -6.0% |
| Construction | 110.4 | 13.8% | 115.1 | 4.2% | 118.2 | 2.6% | 122.2 | 3.3% |
| TCPU | 63.0 | 5.4% | 64.6 | 2.5% | 66.6 | 3.1% | 68.8 | 3.3% |
| Trade | 314.4 | 9.8% | 335.5 | 6.7% | 355.5 | 5.9% | 373.1 | 4.9% |
| FIRE | 80.6 | 11.8% | 90.0 | 11.6% | 94.4 | 4.8% | 98.4 | 4.2% |
| Services | 298.0 | 9.1% | 319.6 | 7.2% | 335.6 | 5.0% | 350.9 | 4.5% |
| Government | 218.4 | 5.3% | 226.0 | 3.4% | 232.8 | 3.0% | 240.6 | 3.3% |

NOTE: Totals may not add due to rounding. Growth rates are calculated using unrounded figures.

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

# Maricopa County

The economic forecast for Maricopa County continues to be bright. Although growth will not be at the breakneck pace of 1984 and 1985, there will be more than 125,000 additional jobs in the county by 1988. Since Maricopa County accounts for nearly two-thirds of population, employment, and income in Arizona, it has a major impact on the state's economic performance.

Unemployment over the last six months has increased only by a tenth of a percent as compared to the annual average of 5.1 percent in 1985. While the unemployment rate has not changed significantly, employment did not grow sufficiently to keep the rate from rising. In July, the unemployment rate was 5.4 percent, well below the national average of 6.9 percent. Unemployment should

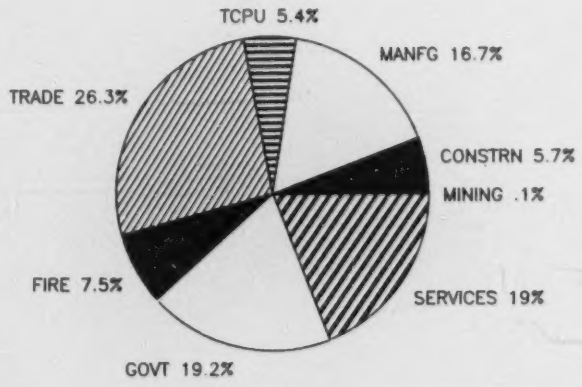
remain near 5.2 percent for the rest of this year before falling to 4.9 percent and 4.7 percent in 1987 and 1988 respectively.

The largest source of new jobs in the next 2 1/2 years will be the service industry. Nearly 36,000 people will be added to this industry by 1988. The rate of growth, however, will be well below that observed during the explosive 1984-1985 period. Among the services sectors, business services will grow the most, followed by health services.

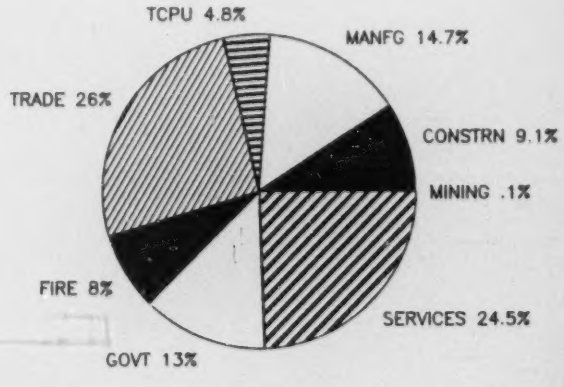
The trade industry will be the second largest source of new jobs in the county. This industry will add nearly 15,000, 14,000, and 10,000 people in 1986, 1987, and 1988 respectively. Growth will come primarily from department stores, food stores, and eating and drinking places. Employment in eating and drinking places will be relatively greater than the other sectors. Relatively high growth will also take place in the automotive-related business--particularly, car dealers. This will be due to the lower interest rates that the nation is expected to continue to enjoy.

Growth in construction will be spurred by lower interest rates and strong population growth. On the one hand, the widely reported surplus of office space in the Phoenix area has resulted in lower growth in commercial construction employment; while the rapid population growth, along with lower interest rates, has sustained residential construction employment. Massive road building activities should also help to offset losses caused by lower office construction and recent layoffs at the Palo Verde Nuclear Power Plant in the Phoenix area. The number of jobs in construction is expected to rise only 4.1 percent this

MARICOPA EMPLOYMENT IN SELECTED INDUSTRIES
1975 VS 1986




1975




1986

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

**Maricopa County Economic Forecasts**
**(Annual Averages, in Thousands)**

| | 1985 | Growth Rate | 1986 | Growth Rate | 1987 | Growth Rate | 1988 | Growth Rate |
|---|---|---|---|---|---|---|---|---|
| Labor Force | 912.6 | 2.8% | 984.9 | 7.9% | 1,031.1 | 4.6% | 1,071.0 | 3.8% |
| Unemployed | 46.5 | 36.0% | 51.0 | 9.6% | 50.0 | -1.9% | 50.4 | 0.8% |
| Unemployment Rate | 5.1% | | 5.2% | | 4.8% | | 4.7% | |
| Total Employment | 866.0 | 1.5% | 933.9 | 7.8% | 981.1 | 5.0% | 1,020.6 | 4.0% |
| Wage and Salary Employment | 839.7 | 8.9% | 887.8 | 5.7% | 927.1 | 4.4% | 965.8 | 4.1% |
| Manufacturing | 130.3 | 3.8% | 130.5 | 0.1% | 135.6 | 3.9% | 140.2 | 3.3% |
| Mining | 0.6 | -14.3% | 0.6 | 0.0% | 0.6 | 0.0% | 0.5 | -16.6% |
| Construction | 77.3 | 15.2% | 80.4 | 4.0% | 81.5 | 1.3% | 84.3 | 3.4% |
| TCPU | 41.0 | 5.9% | 42.2 | 2.9% | 43.2 | 2.3% | 44.6 | 3.2% |
| Trade | 214.8 | 10.6% | 230.7 | 7.4% | 245.7 | 6.5% | 258.9 | 5.3% |
| FIRE | 63.1 | 12.1% | 70.7 | 12.0% | 74.0 | 4.6% | 76.9 | 3.9% |
| Services | 201.8 | 9.0% | 217.4 | 7.7% | 227.7 | 4.7% | 237.6 | 4.3% |
| Government | 110.9 | 7.5% | 115.3 | 3.9% | 118.9 | 3.1% | 122.9 | 3.3% |

NOTE: Totals may not add due to rounding. Growth rates are calculated using unrounded figures.

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

year, which will be greater than the 1.3 percent growth expected in 1987. Construction is expected to bounce back again in 1988 with nearly 4.0 percent growth.

The largest share of the manufacturing employment in the county is in durable goods manufacturing. High-tech manufacturing should see a recovery for their products which have been depressed by intense foreign competition and slower-than-expected growth in demand. A lower valued dollar and some real attempts to lower costs should allow these firms to add workers by the end of this year. In addition, producers of defense-related products are hiring nearly as rapidly as last year and should continue to do so unless cutbacks are forced by the Gramm-Rudman-Hollings proposal to balance the budget. As a result, manufacturing should be able to hold its current level of employment or possibly see marginal growth in 1986 followed by higher growth of more than 3.0 percent in both 1987 and 1988.

Contrary to popular belief, the nondurable sector has been holding its own with roughly 20.0 percent of manufacturing employ-

ment. Among the nondurables, printing and publishing is expected to create the largest number of new jobs.

FIRE has been the fastest growing industry during the last three years. Employment in 1986 is expected to grow by about 12.0 percent, similar to the growth recorded in 1985. Most of the growth this year is taking place in both the finance and the real estate sectors. High growth in finance has been influenced by refinancing activities due to lower interest rates. Once financial institutions complete the bulk of their refinancing activities, the industry should slow and is expected to grow about 4.6 and 3.9 percent in 1987 and 1988.

The government sector will not see growth of the magnitude recorded last year (7.0 percent) as it becomes more influenced by cuts in federal funds. However, government employment will continue to grow at about 3 to 4 percent, corresponding to future population growth. The slower growth will be seen in all sectors of government--federal, schools, state, and local. The relative effects of spending cuts, however, are not yet known.

The outlook for Maricopa County remains healthy. The industries that should provide higher employment growth are services, trade, FIRE, and construction; while the manufacturing industry will regain its vigor in 1987 and 1988. It is expected that 1986 will be another good year, although unemployment will rise very slightly because of strong population growth and relatively slower employment growth.

# Pima County

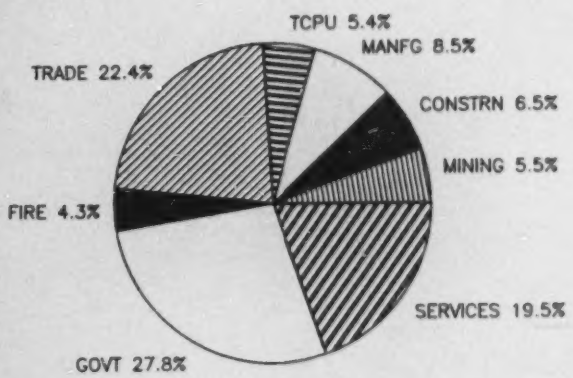
The economic outlook for Pima County looks quite impressive in the coming years as the economy diversifies its dominate sources of employment. The economic base, once dominated by copper mining, has shifted toward more manufacturing and tourist-related employment.

The process of transformation began before employment in mining declined. Copper mining employment has fallen steadily in recent years. In July, employment was 1,600 compared to 7,800 just six years ago. This trend is expected to continue in the near future due to the low price of copper in international markets and intense competition from substitute materials outside the U.S. However, the county's increasingly diverse economy should manage to mitigate the problems created by dismal conditions in the copper industry and the weakened Mexician economy. Our forecast anticipates wage and salary employment growing by about 5.1 percent in 1986, which will keep the unemployment rate at its 1985 average of 5.3 percent. The unemployment rate is expected to increase to 5.5 percent in 1987 and then to decline to 5.2 percent in 1988.

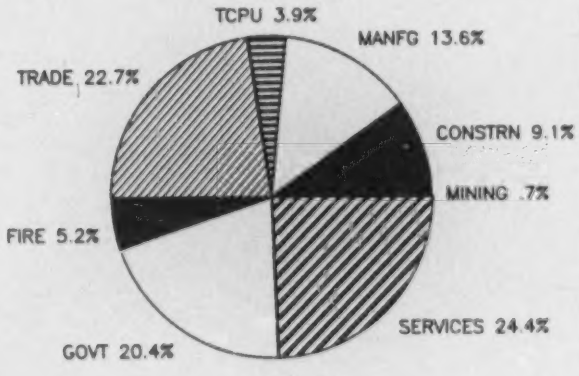
The industries that should provide the largest employment growth are services, trade, and manufacturing. The growth in services and trade will mostly come from growth in tourism. The service industry has experienced explosive growth in the Tucson area in the last two years. Two industries in particular--hotels and lodging and business services--led the way. Employment in hotels and lodging grew by nearly 16 percent in 1985, and similar or greater growth is expected in 1986. The building of new hotels and resorts is enhancing the ability of Tucson to attract a larger share of the tourist and convention businesses which historically has gone to other areas. Business services, which grew by more than 20 percent in 1984 and nearly 17 percent in 1985, is expected to grow almost 10 percent this year. Business services include activities such as building maintenance and security, temporary help agencies, and accounting and advertising firms. This industry will be an important source of employment growth in the future.

Manufacturing plays an important role in Pima County's economy. Manufacturing em-

## PIMA COUNTY EMPLOYMENT IN SELECTED INDUSTRIES 1975 VS 1986




1975




1986

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

ployment in metropolitan Tucson has more than doubled in the past ten years. This growth has been due to the rapid increase in high technology manufacturers locating and expanding in the Tucson area. A large portion of manufacturing is producing defense-related equipment, thus ensuring continued expansion in 1986. Manufacturing should see steady growth of about 5.0 percent in 1987 and 1988.

The construction sector should experience modest growth of 4.7 percent in 1986 as opposed to the record growth of about 16.0 percent in 1985. Relatively low interest rates on home mortgages and strong population growth will keep home building at a high level and will absorb the temporary reduction in nonresidential construction. The industry should see a net gain of 1,000 jobs in 1986 followed by about 1,200 in 1987.

The FIRE sector should also expand by about 12.0 percent in 1986 in the Tucson area, similar to the metropolitan Phoenix area, with most of the growth in finance and real estate. These two sectors will be strong because of low interest rates, population growth, and the construction of single-family housing. The industry should grow about 6.2 percent and 5.8 percent in 1987 and 1988.

Employment in the government sector is expected to grow more moderately in Pima County than in Maricopa County. The important factors that affect government employment are the federal budget situation and population growth. Since Pima County's average population growth is less than Maricopa County's, it is expected that Pima County will, therefore, experience slower growth in government employment. The

government sector should grow between 2.2 percent and 3.7 percent annually over the next three years.

Considering all these factors, the outlook for Pima County is quite good. Employment will grow between 5.1 percent and 4.3 percent over the 1986-1988 period.

Pima County Economic Forecasts
(Annual Averages, in Thousands)

| | 1985 | Growth Rate | 1986 | Growth Rate | 1987 | Growth Rate | 1988 | Growth Rate |
|---|---|---|---|---|---|---|---|---|
| Labor Force | 290.0 | 2.1% | 306.6 | 5.7% | 316.3 | 3.1% | 328.9 | 3.9% |
| Unemployed | 15.3 | 26.4% | 16.3 | 6.5% | 17.4 | 6.7% | 17.1 | -1.7% |
| Unemployment Rate | 5.3% | | 5.3% | | 5.5% | | 5.2% | |
| Total Employment | 274.7 | 1.0% | 290.2 | 5.6% | 298.8 | 2.9% | 311.8 | 4.3% |
| Wage and Salary Employment | 232.2 | 8.3% | 244.2 | 5.1% | 254.8 | 4.3% | 265.6 | 4.2% |
| Manufacturing | 31.5 | 9.0% | 33.1 | 5.0% | 34.7 | 4.8% | 36.1 | 4.0% |
| Mining | 2.4 | -29.4% | 1.6 | -33.3% | 1.0 | -37.5% | 0.8 | -20.0% |
| Construction | 21.2 | 15.8% | 22.2 | 4.7% | 23.4 | 5.4% | 24.3 | 3.8% |
| TCPU | 9.4 | 5.6% | 9.5 | 1.0% | 9.7 | 2.1% | 10.0 | 3.0% |
| Trade | 52.1 | 9.7% | 55.4 | 6.3% | 58.4 | 5.4% | 60.9 | 4.2% |
| FIRE | 11.5 | 13.9% | 12.8 | 11.3% | 13.6 | 6.2% | 14.4 | 5.8% |
| Services | 55.9 | 10.9% | 59.6 | 6.6% | 62.8 | 5.3% | 66.2 | 5.4% |
| Government | 48.4 | 3.0% | 49.9 | 2.2% | 51.1 | 2.4% | 53.0 | 3.7% |

NOTE: Totals may not add due to rounding. Growth rates are calculated using unrounded figures.

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

**Forecast Update Continued on Page 14**

The forecast for Arizona's nonmetropolitan counties begins on page 14. After the analysis of our rural counties, the forecast ends with a chart of "Wage and Salary Employment Shares, by County, 1975 versus 1986."

## Arizona Labor Force and Employment

July 1986 (in thousands)

| | ARIZONA | | | | |
|---|---|---|---|---|---|
| | | | | -- Amt Change -- | |
| | Jul.* 1986 | Jun. 1986 | Jul. 1985 | Jun. to Jul. | 1985 to 1986 |
| TOTAL CIVILIAN LABOR FORCE** | 1588.4 | 1592.1 | 1462.0 | -3.7 | +126.4 |
| Total Unemployment | 118.0 | 112.1 | 110.9 | +5.9 | +7.1 |
| Rate | 7.4 | 7.0 | 7.6 | --- | --- |
| Rate (Sea. Adj.)*** | 7.0 | 6.9 | 7.2 | --- | --- |
| Total Employment | 1470.4 | 1480.0 | 1351.1 | -9.6 | +119.3 |

**The Above Labor Force Statistics Should**

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

| | | | | | |
|---|---|---|---|---|---|
| TOTAL WAGE AND SALARY | 1333.2 | 1333.7 | 1261.3 | -0.5 | +71.9 |
| Manufacturing | 184.3 | 181.3 | 181.5 | +3.0 | +2.8 |
| Durable Goods | 145.1 | 142.4 | 144.2 | +2.7 | +0.9 |
| Stone, Clay and Glass | 8.1 | 8.1 | 8.0 | +0.0 | +0.1 |
| Primary and Fabricated Metals | 16.3 | 14.2 | 17.5 | +2.1 | -1.2 |
| Primary Metals | 7.8 | 5.8 | 7.8 | +2.0 | +0.0 |
| Fabricated Metals | 8.5 | 8.4 | 9.7 | +0.1 | -1.2 |
| Machinery | 65.1 | 65.0 | 68.7 | +0.1 | -3.6 |
| Other Durable Goods | 55.6 | 55.1 | 50.0 | +0.5 | +5.6 |
| Aircraft and Missiles | 26.8 | 26.5 | 22.6 | +0.3 | +4.2 |
| Lumber and Wood Products (Except Furniture) | 7.6 | 7.6 | 7.5 | +0.0 | +0.1 |
| All Other Durable Goods | 21.2 | 21.0 | 19.9 | +0.2 | +1.3 |
| Nondurable Goods | 39.2 | 38.9 | 37.3 | +0.3 | +1.9 |
| Food and Kindred Products | 9.0 | 9.0 | 8.6 | +0.0 | +0.4 |
| Apparel | 4.6 | 4.5 | 4.5 | +0.1 | +0.1 |
| Printing and Publishing | 15.3 | 15.1 | 14.1 | +0.2 | +1.2 |
| All Other Nondurable Goods | 10.3 | 10.3 | 10.1 | +0.0 | +0.2 |
| Mining and Quarrying | 10.6 | 10.7 | 11.8 | -0.1 | -1.2 |
| Copper Mining | 8.1 | 8.2 | 9.4 | -0.1 | -1.3 |
| Other Mining and Quarrying | 2.5 | 2.5 | 2.4 | +0.0 | +0.1 |
| Construction | 118.5 | 117.7 | 113.2 | +0.8 | +5.3 |
| Trans., Communications, and Public Utilities | 65.2 | 63.4 | 63.4 | +1.8 | +1.8 |
| Transportation | 29.6 | 29.5 | 29.0 | +0.1 | +0.6 |
| Communications and Public Utilities | 35.6 | 33.9 | 34.4 | +1.7 | +1.2 |
| Trade | 330.2 | 332.3 | 311.4 | -2.1 | +18.8 |
| Wholesale Trade | 66.1 | 66.4 | 62.9 | -0.3 | +3.2 |
| Retail Trade | 264.1 | 265.9 | 248.5 | -1.8 | +15.6 |
| General Merchandise and Apparel | 40.3 | 40.5 | 39.0 | -0.2 | +1.3 |
| Food Stores | 40.0 | 40.2 | 37.5 | -0.2 | +2.5 |
| Automotive and Service Stations | 33.8 | 33.6 | 31.1 | +0.2 | +2.7 |
| Eating and Drinking Places | 93.5 | 95.0 | 89.1 | -1.5 | +4.4 |
| Other Retail Trade | 56.5 | 56.6 | 51.8 | -0.1 | +4.7 |
| Finance, Insurance, and Real Estate | 91.1 | 90.4 | 81.3 | +0.7 | +9.8 |
| Services and Miscellaneous | 323.1 | 322.0 | 300.7 | +1.1 | +22.4 |
| Hotels and Other Lodging Places | 31.1 | 32.2 | 29.1 | -1.1 | +2.0 |
| Business Services | 75.3 | 73.6 | 68.2 | +1.7 | +7.1 |
| Health Services | 78.7 | 78.6 | 73.8 | +0.1 | +4.9 |
| Other Services | 138.0 | 137.6 | 129.6 | +0.4 | +8.4 |
| Government | 210.2 | 215.9 | 198.0 | -5.7 | +12.2 |
| Federal | 42.4 | 42.3 | 41.6 | +0.1 | +0.8 |
| State and Local | 167.8 | 173.6 | 156.4 | -5.8 | +11.4 |
| School | 84.9 | 93.7 | 80.2 | -8.8 | +4.7 |

* Preliminary
** Labor force, unemployment, and employment are reported by place of residence.
*** Normal seasonal variations have been eliminated to reflect underlying economic trends.
NOTE--Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

July 1986 (in thousands)

| MARICOPA COUNTY | | | | | PIMA COUNTY | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | -- Amt Change -- | | | | | -- Amt Change -- | |
| Jul.* 1986 | Jun. 1986 | Jul. 1985 | Jun. to Jul. | 1985 to 1986 | Jul.* 1986 | Jun. 1986 | Jul. 1985 | Jun. to Jul. | 1985 to 1986 |
| 987.5 | 991.4 | 899.6 | -3.9 | +87.9 | 305.4 | 307.6 | 283.7 | -2.2 | +21.7 |
| 55.1 | 52.8 | 51.0 | +2.3 | +4.1 | 17.6 | 16.8 | 16.0 | +0.8 | +1.6 |
| 5.6 | 5.3 | 5.7 | --- | --- | 5.8 | 5.5 | 5.6 | --- | --- |
| 5.4 | 5.2 | 5.4 | --- | --- | 5.6 | 5.4 | 5.4 | --- | --- |
| 932.4 | 938.6 | 848.6 | -6.2 | +83.8 | 287.8 | 290.8 | 267.7 | -3.0 | +20.1 |

lot Be Used for Economic Assistance Programs

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 883.9 | 884.0 | 830.1 | -0.1 | +53.8 | 238.4 | 240.1 | 228.1 | -1.7 | +10.3 |
| 130.9 | 128.3 | 130.8 | +2.6 | +0.1 | 32.9 | 33.0 | 31.9 | -0.1 | +1.0 |
| 104.4 | 101.7 | 104.9 | +2.7 | -0.5 | 27.5 | 27.6 | 26.8 | -0.1 | +0.7 |
| 5.0 | 5.0 | 4.9 | +0.0 | +0.1 | | | | | |
| 10.5 | 8.3 | 11.6 | +2.2 | -1.1 | | | | | |
| 51.4 | 51.3 | 54.7 | +0.1 | -3.3 | | | | | |
| 37.5 | 37.1 | 33.7 | +0.4 | +3.8 | | | | | |
| 26.5 | 26.6 | 25.9 | -0.1 | +0.6 | 5.4 | 5.4 | 5.1 | +0.0 | +0.3 |
| 5.8 | 5.9 | 5.6 | -0.1 | +0.2 | | | | | |
| 2.9 | 2.9 | 3.0 | +0.0 | -0.1 | | | | | |
| 10.8 | 10.8 | 10.3 | +0.0 | +0.5 | | | | | |
| 7.0 | 7.0 | 7.0 | +0.0 | +0.0 | | | | | |
| 0.5 | 0.6 | 0.6 | -0.1 | -0.1 | 1.6 | 1.6 | 2.3 | +0.0 | -0.7 |
| 82.9 | 82.6 | 78.4 | +0.3 | +4.5 | 22.5 | 22.4 | 22.2 | +0.1 | +0.3 |
| 42.9 | 41.5 | 41.3 | +1.4 | +1.6 | 9.8 | 9.5 | 9.5 | +0.3 | +0.3 |
| 19.7 | 19.5 | 19.6 | +0.2 | +0.1 | 5.0 | 5.0 | 4.4 | +0.0 | +0.6 |
| 23.2 | 22.0 | 21.7 | +1.2 | +1.5 | 4.8 | 4.5 | 5.1 | +0.3 | -0.3 |
| 225.6 | 228.2 | 212.0 | -2.6 | +13.6 | 55.3 | 54.9 | 52.1 | +0.4 | +3.2 |
| 53.3 | 53.6 | 50.4 | -0.3 | +2.9 | 7.7 | 7.6 | 7.6 | +0.1 | +0.1 |
| 172.3 | 174.6 | 161.6 | -2.3 | +10.7 | 47.6 | 47.3 | 44.5 | +0.3 | +3.1 |
| 25.8 | 26.0 | 24.8 | -0.2 | +1.0 | 7.1 | 7.1 | 7.2 | +0.0 | -0.1 |
| 25.3 | 25.5 | 23.6 | -0.2 | +1.7 | 7.0 | 7.0 | 6.4 | +0.0 | +0.6 |
| 21.7 | 21.6 | 19.8 | +0.1 | +1.9 | 5.8 | 5.8 | 5.2 | +0.0 | +0.6 |
| 60.1 | 61.9 | 57.9 | -1.8 | +2.2 | 18.0 | 17.8 | 16.4 | +0.2 | +1.6 |
| 39.4 | 39.6 | 35.5 | -0.2 | +3.9 | 9.7 | 9.6 | 9.3 | +0.1 | +0.4 |
| 71.8 | 71.1 | 63.6 | +0.7 | +8.2 | 12.9 | 12.9 | 11.7 | +0.0 | +1.2 |
| 219.4 | 218.8 | 201.2 | +0.6 | +18.2 | 59.4 | 59.6 | 57.0 | -0.2 | +2.4 |
| 16.8 | 17.6 | 15.9 | -0.8 | +0.9 | 5.1 | 5.5 | 4.5 | -0.4 | +0.6 |
| 61.9 | 60.5 | 55.6 | +1.4 | +6.3 | 10.7 | 10.5 | 9.9 | +0.2 | +0.8 |
| 53.0 | 52.9 | 49.2 | +0.1 | +3.8 | 16.0 | 16.1 | 15.6 | -0.1 | +0.4 |
| 87.7 | 87.8 | 80.5 | -0.1 | +7.2 | 27.6 | 27.5 | 27.0 | +0.1 | +0.6 |
| 109.9 | 112.9 | 102.2 | -3.0 | +7.7 | 44.0 | 46.2 | 41.4 | -2.2 | +2.6 |

-- Prepared by Labor Market Information, Research and Analysis (CPS, 1/86)

## Nonmetropolitan Counties
## Labor Force and Employment
## July 1986

| | Apache | Cochise | Coconino | Gila | Graham | Green-lee | La Paz |
|---|---|---|---|---|---|---|---|
| TOTAL CIVILIAN LABOR FORCE*. | 15,975 | 36,575 | 40,650 | 12,400 | 7,650 | 2,925 | 4,650 |
| Total Unemployment . . . . . | 4,275 | 3,525 | 4,900 | 1,675 | 925 | 325 | 750 |
| Rate . . . . . | 26.8% | 9.6% | 12.1% | 13.5% | 12.1% | 11.1% | 16.1% |
| Rate (Seas. Adj.)**. . . . | 22.6% | 9.7% | 11.4% | 13.9% | 11.8% | 10.7% | -INA- |
| Total Employment . . . . . | 11,700 | 33,050 | 35,750 | 10,725 | 6,725 | 2,600 | 3,900 |
| THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS | | | | | | | |
| TOTAL WAGE AND SALARY. . . . | 14,400 | 24,725 | 34,950 | 9,975 | 4,425 | 2,675 | 2,750 |
| Manufacturing. . . . . | 775 | 2,050 | 2,850 | 1,275 | 175 | 0 | 100 |
| Mining and Quarrying . . . . | 25 | 125 | 50 | 1,250 | 0 | 1,650 | 0 |
| Construction . . . . . | 1,025 | 1,275 | 1,800 | 450 | 150 | 125 | 150 |
| Trans., Comm., & Pub. Util.. | 1,775 | 1,700 | 2,400 | 400 | 150 | 50 | 75 |
| Trade. . . . . | 1,575 | 5,375 | 8,150 | 1,950 | 1,250 | 275 | 875 |
| Fin., Insur., & Real Estate. | 300 | 700 | 775 | 275 | 125 | 25 | 100 |
| Services and Miscellaneous . | 4,425 | 3,800 | 9,400 | 1,975 | 850 | 75 | 700 |
| Government . . . . . | 4,500 | 9,700 | 9,525 | 2,400 | 1,725 | 475 | 750 |

| | Mohave | Navajo | Pinal | Santa Cruz | Yavapai | Yuma |
|---|---|---|---|---|---|---|
| TOTAL CIVILIAN LABOR FORCE*. | 28,000 | 28,150 | 34,600 | 9,725 | 33,600 | 40,625 |
| Total Unemployment . . . . . | 2,600 | 5,500 | 4,450 | 1,825 | 2,175 | 12,350 |
| Rate . . . . . | 9.3% | 19.5% | 12.9% | 18.8% | 6.5% | 30.4% |
| Rate (Seas. Adj.)**. . . . | 9.6% | 17.4% | 12.2% | 16.8% | 6.6% | -INA- |
| Total Employment . . . . . | 25,400 | 22,650 | 30,150 | 7,900 | 31,425 | 28,275 |
| THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS | | | | | | |
| TOTAL WAGE AND SALARY. . . . | 18,700 | 19,775 | 25,775 | 8,050 | 21,975 | 22,775 |
| Manufacturing. . . . . | 2,575 | 2,000 | 3,425 | 1,325 | 2,400 | 1,600 |
| Mining and Quarrying . . . . | 275 | 1,125 | 3,350 | 0 | 575 | 50 |
| Construction . . . . . | 1,300 | 1,250 | 1,425 | 375 | 2,075 | 1,650 |
| Trans., Comm., & Pub. Util.. | 1,100 | 1,575 | 900 | 475 | 975 | 925 |
| Trade. . . . . | 5,375 | 3,875 | 4,775 | 3,050 | 5,700 | 7,075 |
| Fin., Insur., & Real Estate. | 950 | 350 | 725 | 250 | 950 | 925 |
| Services and Miscellaneous . | 4,075 | 5,700 | 2,775 | 1,150 | 4,950 | 4,375 |
| Government . . . . . | 3,050 | 3,900 | 8,400 | 1,425 | 4,350 | 6,175 |

*Adjusted to the Current Population Survey (CPS) to reflect place of residence.
**Seasonal adjustment not applicable for economic assistance programs.

NOTE--Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

## Arizona Labor Force and Employment for Economic Assistance Programs July 1986

| County | Civilian Labor Force | Employment | Unemployment | Rate |
|---|---|---|---|---|
| Statewide | 1,588,415 | 1,470,437 | 117,978 | 7.8% |
| Apache | 15,978 | 11,696 | 4,282 | 26.8 |
| Cochise | 36,585 | 33,047 | 3,538 | 9.7 |
| Coconino | 40,638 | 35,739 | 4,899 | 12.1 |
| Gila | 12,387 | 10,717 | 1,670 | 13.5 |
| Graham | 7,659 | 6,729 | 930 | 12.1 |
| Greenlee | 2,933 | 2,600 | 333 | 11.4 |
| La Paz | 4,645 | 3,909 | 736 | 15.8 |
| Maricopa | 987,454 | 932,351 | 55,103 | 5.6 |
| Mohave | 28,018 | 25,406 | 2,612 | 9.3 |
| Navajo | 28,167 | 22,659 | 5,508 | 19.6 |
| Pima | 305,376 | 287,810 | 17,566 | 5.8 |
| Pinal | 34,596 | 30,141 | 4,455 | 12.9 |
| Santa Cruz | 9,734 | 7,911 | 1,823 | 18.7 |
| Yavapai | 33,616 | 31,435 | 2,181 | 6.5 |
| Yuma | 40,629 | 28,287 | 12,342 | 30.4 |

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators. Note: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

## Estimated Hours and Earnings of Production Workers in Selected Industries in Arizona July 1986

| INDUSTRY | AVERAGE WEEKLY EARNINGS | | | AVERAGE WEEKLY HOURS | | | AVG. HOURLY EARNINGS | | |
|---|---|---|---|---|---|---|---|---|---|
| | JULY* 1986 | JUNE 1986 | JULY 1985 | JULY* 1986 | JUNE 1986 | JULY 1985 | JULY* 1986 | JUNE 1986 | JULY 1985 |
| ***FOR THE STATE OF ARIZONA**** | | | | | | | | | |
| Manufacturing | 404.91 | 403.76 | 387.32 | 40.9 | 41.2 | 40.9 | 9.90 | 9.80 | 9.47 |
| Aircraft & Missiles | INA | INA | INA | INA | INA | INA | INA | INA | INA |
| Food & Kindred Products | 368.68 | 380.07 | 364.53 | 39.9 | 41.0 | 41.9 | 9.24 | 9.27 | 8.70 |
| Primary Metals | 519.29 | 523.23 | 490.33 | 39.4 | 39.4 | 38.7 | 13.18 | 13.28 | 12.67 |
| Machinery | 371.07 | 370.52 | 330.96 | 39.9 | 40.1 | 39.4 | 9.30 | 9.24 | 8.40 |
| Copper Mining | 555.29 | 570.15 | 573.83 | 40.8 | 40.9 | 40.9 | 13.61 | 13.94 | 14.03 |
| Construction | 431.40 | 435.44 | 425.71 | 36.1 | 36.5 | 36.2 | 11.95 | 11.93 | 11.76 |
| Utilities | 607.46 | 601.14 | 581.10 | 42.9 | 43.0 | 44.7 | 14.16 | 13.98 | 13.00 |
| Retail Trade** | 241.97 | 242.68 | 238.48 | 33.7 | 33.8 | 33.4 | 7.18 | 7.18 | 7.14 |
| Wholesale Trade | 380.56 | 386.63 | 358.41 | 39.6 | 39.9 | 39.0 | 9.61 | 9.69 | 9.19 |

* Preliminary
** Excludes eating and drinking places.
NOTE--These estimates are based on a sample of full and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

--Prepared by Labor Market Information, Research and Analysis (1972 SIC, 1/86)

# Nonmetropolitan Counties

Total wage and salary employment for the nonmetropolitan counties in 1985 was 205,600, which is about 16.0 percent of total Arizona wage and salary employment. The nonmetropolitan counties consist of 13 rural counties with diverse economies. On average, each county has about 1.5 percent of statewide wage and salary employment. Since the employment base of each county is very small, the Research Administration continues to forecast for the nonmetropolitan areas as a whole. This helps in developing better forecasts.

The nonmetropolitan areas have some common features: 1) they rely on the four Cs--cotton, cattle, citrus, and copper; 2) they have been negatively impacted by the declining trend in commodity prices which has weakened the growth of most nonmetropolitan economies; and 3) some counties rely heavily on border trade which is adversely affected by the weakened Mexican economy.

Nonmetropolitan Counties Economic Forecasts
(Annual Averages, in Thousands)

| | 1985 | Growth Rate | 1986 | Growth Rate | 1987 | Growth Rate | 1988 | Growth Rate |
|---|---|---|---|---|---|---|---|---|
| Labor Force | 274.4 | 1.9% | 288.8 | 5.2% | 298.5 | 3.3% | 307.7 | 3.0% |
| Unemployed | 34.2 | 38.5% | 35.5 | 3.8% | 32.7 | -7.8% | 32.5 | -0.6% |
| Unemployment Rate | 12.5% | | 12.3% | | 11.0% | | 10.6% | |
| Total Employment | 240.3 | -1.8% | 253.3 | 5.4% | 265.8 | 4.9% | 275.2 | 3.5% |
| Wage and Salary Employment | 205.6 | 4.5% | 212.8 | 3.5% | 222.1 | 4.3% | 230.4 | 3.7% |
| Manufacturing | 18.9 | 2.7% | 19.8 | 4.7% | 20.7 | 4.5% | 22.1 | 6.7% |
| Mining | 9.0 | -0- | 8.5 | -6.5% | 8.3 | -2.3% | 8.0 | -3.6% |
| Construction | 11.9 | 2.6% | 12.5 | 4.1% | 13.3 | 6.4% | 13.7 | 3.0% |
| TCPU | 12.6 | 3.3% | 12.9 | 2.3% | 13.7 | 6.2% | 14.2 | 3.6% |
| Trade | 47.5 | 6.5% | 49.4 | 3.7% | 51.4 | 4.0% | 53.4 | 3.8% |
| FIRE | 6.0 | 5.3% | 6.4 | 6.6% | 6.9 | 7.8% | 7.2 | 4.3% |
| Services | 40.3 | 6.9% | 42.5 | 5.4% | 45.0 | 5.8% | 47.1 | 4.6% |
| Government | 59.1 | 3.1% | 60.8 | 2.8% | 62.8 | 3.2% | 64.8 | 3.1% |

NOTE: Totals may not add due to rounding. Growth rates are calculated using unrounded figures.

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

Since most commodities markets (i.e., cotton and copper markets) are expected to remain soft in the near future, the forecast projects a growth rate of about 3.5 percent in 1986, then improving to nearly 4.5 percent in 1987. On the other hand, unemployment will remain in double digits for most of the nonmetropolitan counties in the foreseeable future. During the forecast period, the unemployment rate should decline from its present level of about 12.5 percent to about 10.6 percent in 1988.

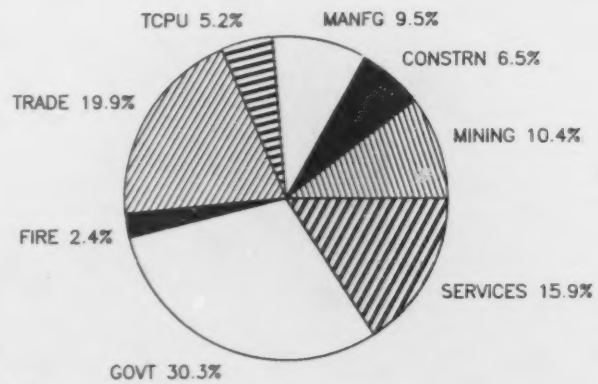
In general, unemployment has been a persistent problem in most of the rural areas. A few communities--Flagstaff, Prescott, Sierra Vista, and Casa Grande--have been able to attract enough jobs to keep their unemployment rates below the double digit levels that exist in most other rural communities. Others such as Clifton, Morenci, Douglas, and Superior have been ravaged by the depressed copper industry.

In general, employment in the nonmetropolitan counties will grow at a slower rate than in the urban counties. However, there are some cities that should experience good economic growth. These cities are characterized by strong service and trade sectors, especially related to tourism; some new manufacturing facilities; and new construction projects. On the other hand, mining communities will experience negative growth in employment. The communities that rely on border trade (e.g., Nogales, Yuma) are negatively affected by the lower value of the peso against the dollar and a weak Mexican economy in general.

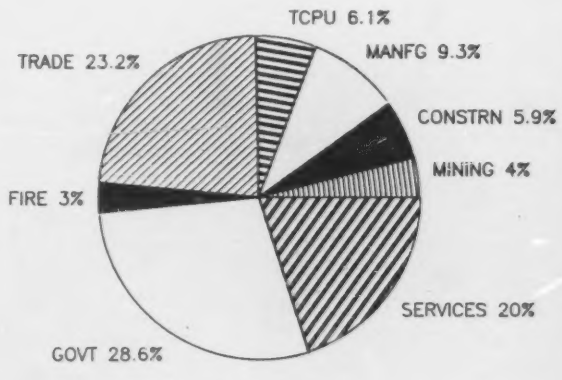
The trade and service industries together will account for over half of all new jobs in the nonmetropolitan counties during the next two and a half years with services adding 6,800 and trade adding 5,900 new jobs. As mentioned above, many of these jobs will be related to tourism: i.e., hotels and lodging sectors, general merchandise sectors, and eating and drinking places.

Nonmetropolitan counties will experience better growth in nondurable than durable

NONMETROCOUNTIES EMPLOYMENT
IN SELECTED INDUSTRIES
1975 VS 1986




1975




1986

SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

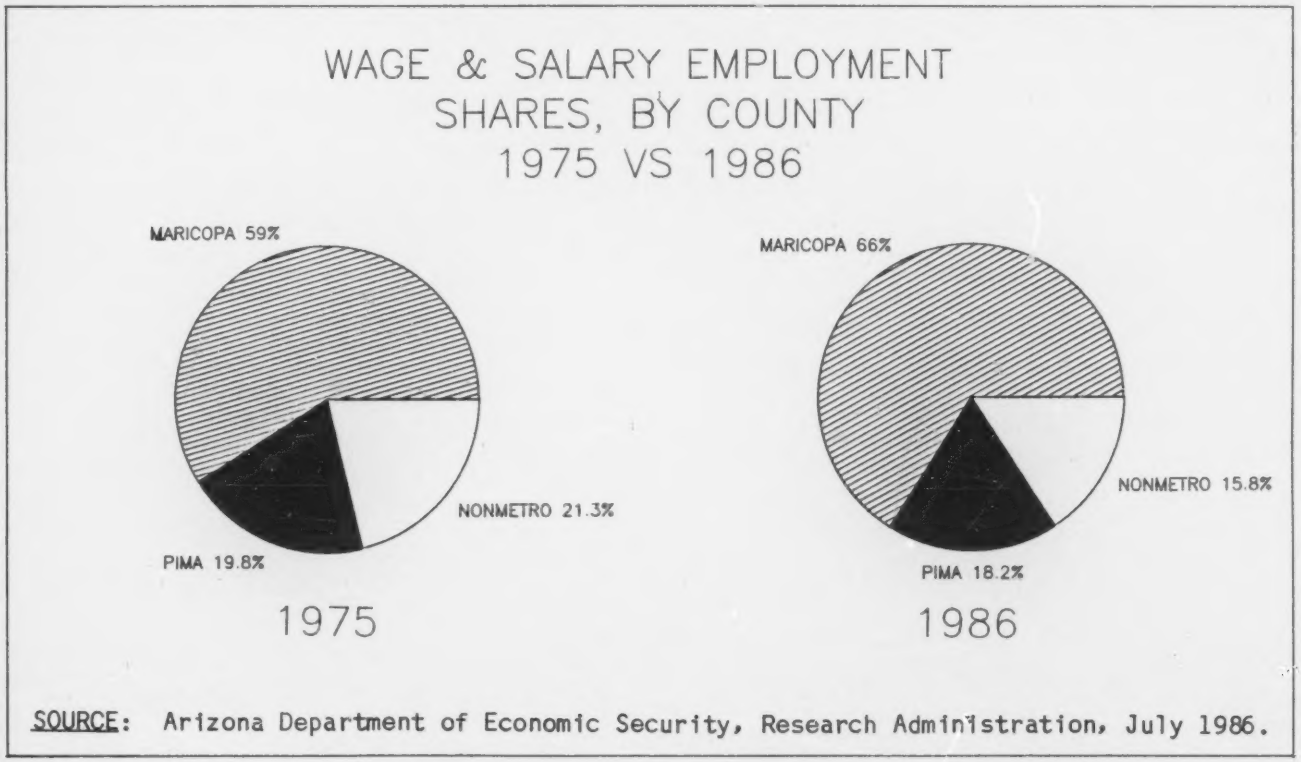
goods manufacturing. The nondurables include apparel, printing and publishing, textiles, paper, plastics, and leather. In the durables categories, lumber and wood products, stone, clay, and glass should experience modest employment growth. Construction should see an increase of 600 jobs in 1986 as a result of low interest rates.

It is expected that Navajo, Coconino, and Apache counties will benefit from the growth in lumber and wood products; Mohave, Yuma, Pinal, Yavapai, and Cochise from construction and some manufacturing. Graham, Greenlee, and Gila will be hurt somewhat by employment losses in primary metals manufacturing due to problems in mining.

Finally, government, the largest employer in the nonmetropolitan counties, should add about 1,700 jobs in 1986. Employment growth should average about 3.0 percent in 1987 and 1988.

In the long run, nonmetropolitan Arizona should be better off. If farm and metal prices improve and the dollar weakens gradually, the rural counties will be able to attract a larger share of total new migrants to the state.

Jalal Ahmad




SOURCE: Arizona Department of Economic Security, Research Administration, July 1986.

## Arizona Unemployment Insurance Activities - June 1986

| | June 1986 | May 1986 | June 1985 | From One Year Ago |
|---|---|---|---|---|
| Arizona Claimants Served* | 33,503 | 30,209 | 31,970 | 4.8% |
| Arizona Average Weeks Unemployed** | 8.5 | 8.8 | 8.3 | 2.7% |
| Arizona Benefits Paid* | $ 11,035,491 | $ 10,887,908 | $ 8,889,619 | 24.1% |
| Arizona Trust Fund Balance | $371,365,100 | $370,143,626 | $295,410,671 | 25.7% |

*All Programs **UI Only

# The Arizona Labor Force in July

The continuing rise in Arizona's unemployment rate, coupled with a relatively static national rate, pushed our unemployment rate above the national average for the first time since March 1983. As has been the case for many months, the rise in unemployment was principally the result of job seekers having a more difficult time finding employment. While an upward trend in Arizona's unemployment had been expected, what is surprising is the stability of unemployment nationally. Still, the rising unemployment rate masks a strong economy. We are continuing to create jobs at a rapid rate.

With comparative data for every state now available covering the first half of 1986, a review of our economic performance with that of other states helps to clarify the current situation. By nearly every general measure of growth, Arizona remains quite healthy. For example, New Hampshire and Arizona have recorded the fastest job growth of any state in the nation over the last twelve months of just under five percent. And in terms of total employment, Arizona grew by 8.5 percent, far outdistancing Florida and New Hampshire who grew 7.4 and 6.4 percent respectively. Even considering the civilian labor force (those people who are employed or unemployed), only California, Florida, and New York saw an absolute growth in size that exceeded Arizona.

| | Civilian Labor Force June 1986 | Growth Since June 1985 |
|---|---|---|
| California | 13,373,400 | 423,500 |
| Florida | 5,655,500 | 342,200 |
| New York | 8,489,500 | 220,400 |
| ARIZONA | 1,590,600 | 121,000 |
| Ohio | 5,259,300 | 113,600 |

Considering our size and our top performance in creating jobs both in 1984 and 1985, the local economy remains strong and growing.

Being the middle of summer, employment tends to be influenced more by seasonal factors than anything else. Of particular note this month is the return of approximately 4,000 American Telephone and Telegraph (AT&T) strikers. With the strike now settled, employment levels have returned to normal in sectors of manufacturing, public utilities, retail trade, and services. Just as it masked actual activity last month when the strike was in progress, the return of strikers overstates current job growth.

The two brightest spots in Arizona's economy remain the construction and the finance, insurance, and real estate industries. Both are at record levels and continue to grow monthly. Although there has been some indication of slowing, current activity is strong. Building permits and dollar value of construction have declined, but that will probably not impact immediately on the economy. Still, some slowdown is inevitable.

In manufacturing, the electronics and aerospace sectors both recorded some slight growth. While the recovery in electronics remains elusive, employment has begun to stabilize with some companies beginning to cautiously hire staff. Increasing international competition and a slowdown in demand for components has kept prices low and inventory tight. That situation will probably not change dramatically in the months ahead. And coupled with a slowdown in hiring for defense projects, this will keep overall manufacturing growth below average.

Elsewhere, industry employment changes were either small or dominated by seasonal influences. In mining, averting a strike helped to maintain stable employment for

the first time in over 30 years. But problems still persist. After stable employment for three months, another 100 jobs were lost in copper mining in July. Apparently, attrition will continue to reduce employment. And since industry employment has declined by 10 percent in the first seven months of 1986, the bottom has clearly not been reached.

In trade and services, employment was weak as hot weather slowed overall activity in both the Phoenix and Tucson areas. Summer tourism activity still is doing well in the state's northern counties and along the Colorado River, but not to the extent that some people have expected. Still, the outlook is good. A growing population and the arrival of winter tourism activity will soon provide additional strength. Many new resort accommodations will be available this winter and into next year, both in the Phoenix and Tucson areas. This is expected to supply a steady source of jobs to the economy.

While it has been mentioned before, it bears repeating again. Our rising unemployment is not so much an indication of economic weakness as it is a barometer of our growing attractiveness for job seekers. An existing pool of available labor and the growth of business activity in the state will continue to attract more business.

Dan Anderson

## New Developments

"New Developments" is featured each month as a service to employers and job seekers. It is a compilation of public announcements of the more significant new construction, grand openings, major hirings and layoffs, and other employer events that have special significance for Arizona labor markets. The announcements are paraphrased and otherwise edited from articles published in newspapers and other periodicals from throughout the state. "New Developments" are limited to space available, and no attempt is made to compile an exhaustive list of all such events that have occurred during the month.

CONSTRUCTION - Plans are in the making for a new 62-mile section of west Phoenix to be called "Estrella Village," named after the Estrella Mountains to the southwest of the planning area. Estrella Village will be bounded by the Aqua Fria River, the Salt River, the Papago Freeway (I-10), and the Black Canyon Freeway (I-17). Some of the cities currently in that area are Avondale, Tolleson, and southwest Phoenix.

BRW Incorporated is the consulting firm which will submit a land-use plan with three alternatives in early 1987. Early projections for the area indicate that the Estrella Village development will involve a $14.3 billion investment--complete with 96,000 housing units, 84 million square feet of industrial space, and 23 million square feet of commercial and retail space. Currently, three-fourths of the designated village area is farmland with industrial development lining major streets.

According to Phoenix Council member Mary Rose Wilcox, "This has been a hidden area that nobody wanted to touch. The city had basically designated it as an industrial corridor." She adds, "The whole area is ripe for a different kind of development." Peter Martori, chairman of the Estrella Joint Planning Committee, predicts that Estrella Village will eventually have about 225,000 residents and will create some 245,000 jobs.

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Plans for an ambitious redevelopment project called the "Willetta Project" will be delivered to the Phoenix City Council by the end of September. The project is expected to cost $80 million when completed. Bounded by East McDowell and East Culver streets and 12th and 13th streets, the Willetta Project will include a 200-room hotel which may be as high as 15 stories, three mid-rise office buildings south of the hotel, and two multi-level parking

garages south of the office buildings. The project is just to the east of Good Samaritan Hospital and Medical Center.

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McDonnell Douglas Realty Company, the real estate subsidiary of McDonnell Douglas Corporation, announced at the beginning of August plans for development of the Dover Industrial Park in Mesa. Plans call for a light industrial/office park with retail, hotel, and restaurant space to be built in the 70-acre park at the northwest corner of McDowell and Greenfield roads. McDonnell Douglas purchased the industrial park for $10.2 million recently. Construction should begin in early 1987.

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Sewer, water, and drainage improvements were about half completed at the beginning of August on the first phase of the 100-acre "Litchfield Greens" project being developed by Westinghouse-Goodyear Properties.

The site is located just east of Litchfield Road and south of Camelback Road, adjacent to the Wigwam Resort. Phase I improvements are expected to total $4 million and Phase II improvements will be about $2 million. Groundbreaking on the first homes in Litchfield Greens was expected in late August and total improvements to the area should be completed by November.

MANUFACTURING - A Huck Manufacturing Company division has acquired a new, 70,000 square-foot plant in Tucson to produce aerospace fasteners. Huck will begin moving machinery into the plant in Butterfield Technical Center towards the end of this year, and production is expected to start early next year.

The fasteners are used in most major military and commercial aerospace projects here and abroad. More than 30,000 Huck stainless-steel blind rivets hold the wing skin in place on the National Aeronautics and Space Administration space shuttles. They also are used in F-16 and F-14 fighter jets, B-1B bombers, and many commercial aircraft.

An employee training program wil begin in September, according to Joseph Hood, the plant's manager. Production will begin with about 75 skilled operators. Employment is expected to grow to about 200 by late 1987.

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The YA Hopi Hat Factory was opened on July 15 on the Hopi reservation just outside Winslow. The factory is a joint venture between the Hopi tribe and the Young An Headwear Corporation, a Korean business. S.H. Baik, president of the corporation, stated that this venture was not just for money but also for job training. His vision for the future includes small piecework factories located near the Hopi villages.

According to Bernice Navakuku, personnel manager for YA Hopi, 15 employees have been hired, and the number is expected to increase to 120 by the end of the first year.

LAYOFFS - In early August, the Environmental Protection Agency (EPA) gave Phelps Dodge Company permission to resume operations at its Douglas smelter which had been shut down July 9 due to noncompliance with federal sulfur dioxide standards. That move had temporarily laid off about 350 smelter employees. However, those of the 350 who did return are facing a permanent layoff January 15, 1987, when the facility is ordered by the EPA to shut down permanently--and in the meantime, to operate at new low pollution levels.

Phelps Dodge officials promised to cooperate with efforts by state and federal agencies to retrain smelter workers and to help them find new jobs. The company also promised to provide severance and medical benefits for up to six months after the smelter closes.

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Hughes Aircraft Company will reduce its Tucson workforce by about 400 employees--less than 5 percent--by the end of the year. Most of the laid off workers are in salaried engineering and administration support positions not directly related to production. Despite the layoff, Hughes expects to hire some new personnel with "critical skills such as certain computer programming skills...some real specialized applications," according to spokesman Michael Letson.

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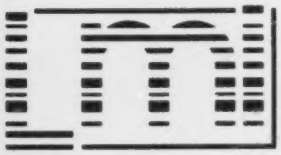

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